

The opinion in support of the decision being entered today is  
*not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* FLORIAN PESTONI and DALIT NAOR

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Appeal No. 2007-0771  
Application No. 09/759,163  
Technology Center 3600

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Decided: November 28, 2007

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Before MURRIEL E. CRAWFORD, HUBERT C. LORIN, and  
LINDA E. HORNER, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The appeal is from a decision of the Examiner rejecting claims 1-8.  
35 U.S.C. § 134 (2002). We have jurisdiction under 35 U.S.C. § 6(b) (2002).

The invention is directed to a method of insuring purchased distributed digital content. “The reliability of storage systems such as hard disks or solid state memories is quite high, but data loss is not uncommon.” Specification 1: 9-11.

The present invention leverages the stability of this type of content by providing an insurance policy that can be purchased alongside digital content. Should an unexpected loss of data occur, the policyholder would be entitled to a new copy of the same material. In another embodiment, the present invention has the additional advantage of guaranteeing to consumers that new encodings of the same content they have already purchased would be made available to them as technology evolves. These would improve the adoption rate of digital distribution of content by reducing switching costs and the perceived risks, and, in addition, increase revenues to members of the distribution channel.

Specification 6:5-12. Claim 1, reproduced below, is further illustrative of the claimed subject matter.

1. A method of insuring purchased distributed digital content for a consumer of said purchased digital content, said method comprising:
  - receiving an indication a consumer has purchased content insurance on specified purchased digital content distributed via communication networks, said content insurance insuring said consumer against loss of said specified purchased digital content;
  - maintaining information identifying said consumer and indicating said consumer has purchased content insurance on said specified purchased digital content;
  - receiving an indication said consumer has made a claim to recover lost digital content;
  - verifying said lost digital content is the same as said specified purchased digital content for which said content insurance was also purchased;
  - enabling said consumer to receive a new copy of said specified purchased digital content via said communication networks.

Claims 1-8 are rejected under 35 U.S.C. § 103(a) as being unpatentable over “eMedia-IT and Lloyds of London Provide Global Insurance for Digital Content” by PR Newswire [“Newswire”] in view of Stefik (US Patent No. 6,708,157).

In deciding the appeal we have considered Appellants' Appeal Brief ("Br.," filed Jun. 6, 2006) and the Examiner's Answer ("Answer," mailed Jun. 19, 2006).

We affirm the rejection under 35 U.S.C. § 103 but denote the affirmance as a new ground of rejection. We also add another new ground of rejection under 35 U.S.C. § 101.

#### A. Issue

The issue is whether Appellants have shown that the Examiner erred in rejecting the claims over the prior art on the ground of obviousness.

#### B. Findings of Fact

The record supports the following findings of fact (FF) by a preponderance of the evidence.

1. "Newswire" is an article describing the availability of Insure-IT, insurance coverage that users of MediaDepot ([www.MediaDepot.com](http://www.MediaDepot.com)) can obtain to insure digital content. The insurance described in "Newswire" appears to apply to specified purchased digital content via communication networks ("Typical MediaDepot subscribers use the web-based storage to send or share graphic or text files." "Newswire," page 2, para. 5.) "With this policy in place, an individual or company using MediaDepot as a secure storage medium can rest assured that their content is protected via strict handling policies as well as through true brick-and-mortar-type insurance." ("Newswire," page 2, para. 2.).

2. The Examiner finds that the difference between “Newswire” and the claimed method is that

Newswire fails to teach:

- the claimed receiving an indication said consumer has made a claim to recover lost digital content;
- the claimed verifying said lost digital content is the same as said specified digital content for which said content insurance was purchased; and
- the claimed enabling said consumer to receive a new copy of said specified purchased digital content via said communication networks.

Answer 4.

3. “Newswire” discloses that a consumer may purchase insurance for the loss of purchased digital content. (“MediaDepot is offering clients the option to purchase an insurance policy specific to their community.” “Newswire”, para. 2. “MediaDepot allows creative professionals and their clients to store and manage digital materials in a secure, and now insured, environment.” “Newswire”, para. 5. “The service provides a secure environment where creative professionals and their clients can store, revise, track and distribute their files throughout the world.” “Newswire”, para. 7.)

4. The Examiner relies on Stefik, specifically col. 38, ll. 6-21 and 27-28, to show as known those features of the claim the Examiner finds “Newswire” fails to teach.

5. Stefik is directed to a system for controlling the distribution and use of digital works through the use of “digital tickets” attached to the digital work granting a ticket holder a usage right with respect to the digital work (Stefik, Abstract).

6. Col. 38, ll. 6-21 and 27-28 of Stefik describes a method of implementing a restoration operation, a usage right that grants a requestor a backup copy of digital work. “A restore operation is intended to be used to compensate for catastrophic media failure.” Col. 38, ll. 8-10.

7. Stefik does not appear to mention insurance, a point made in the Brief (Br. 5) and apparently not in dispute (see Answer 16: “the Examiner respectfully submits that the Newswire reference, and not Stefik, *per se*, that was relied upon for the specific teaching of obtaining global insurance for digital content called Insure-IT.”)

8. Claim 1 applies the standard process of making an insurance claim to the loss of an insured “specified purchased digital content via said communication networks.”

9. The standard process for resolving a typical insurance claim is well within the knowledge of one of ordinary skill in the art of handling insurance claims. The standard process of resolving an insurance claim for the loss of an insured item (e.g., car, boat, house, etc.) includes receiving an indication a consumer has purchased insurance for the item, said insurance insuring said consumer against loss of said item; maintaining information identifying said consumer and indicating said consumer has purchased insurance on said item; receiving an indication said consumer has made a claim to recover the lost item; verifying said lost item is the same as said item for which said insurance was also purchased; and enabling said consumer to receive a new item.

10. The option of upgrading purchased digital content to a new encoding format is well known to consumers of software.
11. That an insurance policy costs a fraction of the item being insured is well known to consumers of insurance.
12. We will consider the cited references as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”).
13. Appellants presented no evidence of secondary considerations of non-obviousness for our consideration.

### C. Principles of Law

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of ordinary skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The

Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” 383 U.S. at 17-18.

#### D. Analysis

The Brief separately argues the claims, i.e.:

- Claim 1 (Br. 4-12);
- Claim 2 (Br. 12);
- Claim 3 (Br. 13);
- Claim 4 (Br. 13-14);
- Claim 5 (Br. 14);
- Claim 6 (Br. 14);
- Claim 7 (Br. 15); and,
- Claim 8 (Br. 15).

#### *Claim 1*

We have carefully reviewed the record and find that Appellants have not persuasively argued that the Examiner erred in rejecting the claims over “Newswire” and Stefik.

The principal argument against the rejection is that “neither reference provides for any of the [claimed] insurance claim processing steps.” (Br. 5). Stefik in particular, according to Appellants, does not involve insurance “directed to replacement of the same purchased content in a new format.” (Br. 5). See also (Br. 10-12). Rather, according to Appellants, “Stefik is directed to limited usage rights and royalty compensation” involving the ability to obtain a backup copy. (Br. 5).

We agree that Stefik is not directed to insurance (FF 7). However, Appellants do not dispute that Stefik shows receiving an indication that the consumer has made a claim to recover lost digital content; verifying the lost digital content is the same as the specified purchased digital content for which rights are claimed; and, enabling the consumer to receive a new copy of the specified purchased digital content via said communication networks (See Br. 6). Broadly speaking, Stefik discloses the processing steps claimed (FF 6). However, Stefik does not apply these steps in the context of resolving an insurance claim.

Nevertheless, after careful review of the claim, we are of the view that the claim describes applying a standard process of resolving an insurance claim for the loss of an insured item (FF 9), like a car or a house, to the loss of purchased distributed digital content. Irrespective of the fact that Stefik does not disclose applying the instant processing steps in the context of resolving an insurance claim, the steps claimed are notoriously well known to consumers processing an insurance claim.

In that regard, “Newswire” alone would lead one of ordinary skill in the art to the claimed invention.

“Newswire” discloses that a consumer may purchase insurance for the loss of purchased digital content. FF 3. One of ordinary skill in the art reading “Newswire” would understand that, in offering insurance on digital content, MediaDepot is offering a service whereby, upon resolving an insurance claim for the loss of insured digital content, MediaDepot would enable the insuree to receive a replacement for the lost insured digital content. The common way for receiving digital content is via a communication network. Accordingly, one of ordinary skill

in the art reading “Newswire” would foresee MediaDepot using a communication network to satisfy an insurance claim for lost insured digital content

“Newswire” does not set out the specific steps for processing an insurance claim. However, the steps of resolving an insurance claim are well known to one of ordinary skill in the art. They include (a) receiving an indication a consumer has purchased insurance for the item, said insurance insuring said consumer against loss of said item; (b) maintaining information identifying said consumer and indicating said consumer has purchased insurance on said item; (c) receiving an indication said consumer has made a claim to recover the lost item; (d) verifying said lost item is the same as said item for which said insurance was also purchased; and (e) enabling said consumer to receive a new item (FF 9).

Given the disclosure in “Newswire” that a consumer may purchase an insurance policy for purchased distributed digital content, one of ordinary skill in the art would reasonably expect that MediaDepot would apply insurance claim processing steps commonly applied in other industries. In that regard, we find the steps of resolving an insurance claim (i.e., steps (a)-(e) above) are well known to the average consumer. Thus, performing these well known steps to resolve an insurance claim under the “Newswire” insurance policy for lost purchased distributed digital content would have been obvious to one of ordinary skill in the art.

We note that Appellants argue that the invention “provides a method of purchasing content insurance that enables one to retrieve the same purchased content at a later time.” (Br. 4, emphasis original). Appellants argue that “Newswire does not include steps to provide the user their original content back.”

(Br. 5, emphasis original) and further repeat that “[t]he prior art is silent on the required claimed steps to retrieve originally purchased content based on an insurance claim (original or new format)” (Br. 4, emphasis original).

These arguments are not commensurate in scope with what is claimed. *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982) (“Many of appellant’s arguments fail from the outset because, . . . they are not based on limitations appearing in the claims . . . .”) The claimed method does not include a step for providing or retrieving the same or originally purchased content based on the insurance claim. No claim on appeal includes a step of actually *retrieving* content and providing that content to the consumer. Nor does any claim call for retrieving the *same* or *originally* purchased content. Taking claim 1 as an example, the method only requires a consumer to be *enabled* to receive a *copy* of the purchased digital content. One can be *enabled* to receive a copy by giving the consumer monetary compensation, which the consumer can then apply to the purchase of another *copy* of purchased digital content, if the consumer so desires. Accordingly, in arguing that “[t]he insurance [described in “Newswire”] appears to be simply monetary compensation for losing a client’s data files . . .,” (Br. 6) Appellants are not making an argument commensurate in scope with what is claimed.

Accordingly, we affirm the rejection of claim 1. However, our reasoning in concluding that the claimed method would have been obvious to one of ordinary skill in the art departs from that of the Examiner. Accordingly, though we affirm the rejection, we denominate the rejection as a new ground under 37 C.F.R. § 41.50(b).

*Claim 2*

The Brief (Br. 12) reiterates what claim 2 recites and generally alleges that the references do not teach the limitations in the claim. A general allegation that the art does not teach any of the claim limitations is no more than merely pointing out the claim limitations. A statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim. 37 C.F.R. 41.37(c)(1)(vii).

We repeat nonetheless that given the disclosure in “Newswire” that a consumer may purchase an insurance policy for purchased distributed digital content, one of ordinary skill in the art would reasonably expect that MediaDepot would apply insurance claim processing steps commonly applied in other industries. In that regard, we find the steps of resolving an insurance claim (i.e., steps (a)-(e) above) are well known to the average consumer. Thus, performing these well known steps to resolve an insurance claim under the “Newswire” insurance policy for lost purchased distributed digital content would have been obvious to one of ordinary skill in the art. In resolving any insurance claim, an insuree would reasonably expect to be enabled to receive the same or similar item that was lost. Accordingly, it would have been obvious to one of ordinary skill in the art reading “Newswire” that in processing MediaDepot’s insurance claim one would be enabled to receive purchased distributed digital content in the same format as the one that was lost and against which insurance was purchased.

We affirm the rejection of claim 2. However, given the analysis with respect to claim 1, our reasoning in concluding that the claimed method of claim 2 would have been obvious to one of ordinary skill in the art departs from that of the

Examiner. Accordingly, though we affirm the rejection, we denominate the rejection of claim 2 as a new ground under 37 C.F.R. § 41.50(b).

*Claim 3*

Claim 3 adds a provision to the insurance policy of claim 1 that would allow the consumer “to upgrade said specified purchased digital content to a new encoding format.” Appellants argue that this is not taught in the references. (Br. 13).

The option of upgrading purchased digital content to a new encoding format is well known to consumers of software. FF 10. The combination of an insurance policy by which one may obtain a copy of lost insured digital content as suggested by “Newswire” with a well known option of upgrading purchased digital content to a new encoding format is likely to be obvious when it does no more than yield predictable results, which here would be the ability to receive a copy of the lost insured digital content with an option of upgrading purchased digital content to a new encoding format. In that regard, there is no evidence of unexpected results to overcome finding the combination obvious.

We affirm the rejection of claim 3. However, our reasoning in concluding that the claimed method of claim 3 would have been obvious to one of ordinary skill in the art departs from that of the Examiner. Accordingly, though we affirm the rejection, we denominate the rejection of claim 3 as a new ground under 37 C.F.R. § 41.50(b).

*Claim 4*

The Brief (Br. 13) relies on arguments made with respect to the rejection of claims 1-3 to oppose the rejection of claim 4. Accordingly, we find Appellants have not shown error in the rejection of claim 4 for the same reasons we found Appellants' argument unpersuasive as to error in the rejection of claims 1-3.

Though we affirm the rejection, we denominate the rejection of claim 4 as a new ground under 37 C.F.R. § 41.50(b) for the same reasons we have given for denominating the rejections of claims 1-3 as new grounds of rejections.

#### *Claims 5 and 6*

The Brief (Br. 14) relies on arguments made with respect to the rejection of claim 3 to oppose the rejections of claims 5 and 6. Accordingly, we find Appellants have not shown error in the rejections of claims 5 and 6 for the same reasons we found Appellants' argument unpersuasive as to error in the rejection of claim 3.

Though we affirm the rejection, we denominate the rejection of claims 5 and 6 as a new ground under 37 C.F.R. § 41.50(b) for the same reasons we have given for denominating the rejections of claim 3 as new grounds of rejection.

#### *Claim 7*

Claim 7 adds a provision to the insurance policy of claim 1 that would price the policy "at a cost which is a fraction of the price of said specified purchased digital content." Appellants argue that this is not taught in the references. (Br. 15).

That an insurance policy costs a fraction of the item being insured is well known to consumers of insurance. FF 11. The combination of an insurance policy by which one may obtain a copy of lost insured digital content as suggested by

“Newswire” with the well known setting of the price of an insurance policy to be a fraction of the cost of the item insured does no more than yield predictable results, which here would be the ability to receive a copy of the lost insured digital content with an insurance policy that costs less than the insured item. In that regard, there is no evidence of unexpected results to overcome a finding of obviousness.

We affirm the rejection of claim 7. However, our reasoning in concluding that the claimed method of claim 7 would have been obvious to one of ordinary skill in the art departs from that of the Examiner. Accordingly, though we affirm the rejection, we denominate the rejection of claim 7 as a new ground under 37 C.F.R. § 41.50(b).

#### *Claim 8*

The Brief (Br. 15) reiterates what claim 8 recites and generally alleges that the references do not teach the limitations in the claim. A general allegation that the art does not teach any of the claim limitations is no more than merely pointing out the claim limitations. A statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim. 37 C.F.R. 41.37(c)(1)(vii).

We affirm the rejection of claim 8. However, given the analysis with respect to claim 1, our reasoning in concluding that the claimed method of claim 8 would have been obvious to one of ordinary skill in the art departs from that of the Examiner. Accordingly, though we affirm the rejection, we denominate the rejection of claim 8 as a new ground under 37 C.F.R. § 41.50(b).

E. Conclusion of Law

On the record before us, Appellants have failed to show that the Examiner erred in rejecting the claims over the prior art.

We also add the following new ground of rejection.

We are of the view that claims 1-8 do not recite patentable subject matter under 35 U.S.C. § 101 in light of the recent decision in *In re Comiskey*, 499 F.3d 1365 (Fed. Cir. 2007).

In *Comiskey*, the court provided guidance on the determination of patentable subject matter under 35 U.S.C. § 101. “Following the lead of the Supreme Court, this court and our predecessor court have refused to find processes patentable when they merely claimed a mental process standing alone and untied to another category of statutory subject matter even when a practical application was claimed.” *Id.* at 1378.

It is thus clear that the present statute does not allow patents to be issued on particular business systems – such as a particular type of arbitration – that depend entirely on the use of mental processes. In other words, the patent statute does not allow patents on particular systems that depend for their operation on human intelligence alone, a field of endeavor that both the framers and Congress intended to be beyond the reach of patentable subject matter. Thus, it is established that the application of human intelligence to the solution of practical problems is not in and of itself patentable.

*Id.* at 1378-9.

All the claims on appeal are drawn to a process of resolving an insurance claim for the loss of insured purchased distributed digital content that broadly covers a method that depends entirely on the use of mental processes untied to another category of statutory subject matter. Claim 1, for example, sets out steps of receiving an indication a consumer has purchased insurance, maintaining information about the consumer and the insurance, receiving an indication the consumer has made a claim, verifying information about the lost digital content, and enabling the consumer to receive a new copy, each of which can be performed through human intelligence alone. None of these steps are tied to another category of statutory subject matter. While the claimed method seeks to resolve an insurance claim for the loss of an insured purchased distributed digital content and thus enable a consumer to receive a new copy of the content via a communication network, the steps claimed do not operate on or transform the insured purchased distributed digital content or lead to the production of a new copy of the insured content via a communication network. Rather, the steps of resolving the insurance claim are wholly mental and practically applied only in the event the consumer loses the insured purchased distributed digital content and makes an insurance claim. “[M]ental processes – or processes of human thinking – standing alone are not patentable even if they have practical application.” *Id.* at 1377.

#### DECISION

The decision of the Examiner rejecting claims 1-8 under 35 U.S.C. § 103(a) as being unpatentable over “Newswire” in view of Stefik is affirmed but denominated as new grounds of rejection under 37 C.F.R. § 41.50(b).

We add a new ground of rejection of claims 1-8 under 35 U.S.C. § 101.

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b) (2007). 37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 CFR § 41.50(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

1• (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner . . . .

2• (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record . . . .

3

4      No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED: 37 C.F.R. § 41.50(b)

JRG

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